

Message Text

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13

ACTION EB-11

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FM AMEMBASSY MEXICO

TO SECSTATE WASHDC 8319

LIMITED OFFICIAL USE MEXICO 7549

E.O. 11652: N/A

TAGS: ETRD, MX

SUBJECT: COTTON TEXTILE CONSULTATIONS

REF: STATE 193726

1. IN SHARP CONTRAST TO IMPRESSION LEFT BY MEXICAN DELEGATION IN WASHINGTON CONTAINED PARA 3 REFTEL, LIC. DANIEL BASULTO, DIRGEN, TEXTILE DIV., SECRETARIAT OF INDUSTRY AND COMMERCE, AFTER RETURN TO MEXICO, STRESSED TO EMBOFF HOW UNHAPPY AND DISAPPOINTED HE AND OTHER MEXICAN PARTICIPANTS WERE OVER BILATERAL TEXTILE CONSULTATIONS HELD SEPT 17-19. THE ONLY ASPECT OF TALKS THAT PLEASED MEXICANS WAS EASE WITH WHICH USG AGREED TO READJUSTMENTS IN CERTAIN CONSULTATION LEVELS PROPOSED BY MEXICO, AS GOM HAD ANTICIPATED DIFFICULTIES. WHAT MOST UPSET MEXICAN DELEGATES WAS "COLD" AND "IMPERIOUS" WAY IN WHICH US PARTICIPANTS REJECTED MEXICO'S REQUEST FOR ADDITIONAL 70 MILLION SQUARE YARDS FOR THIRD AGREEMENT YEAR ONLY.

2. MEXICO IS NOT OPTIMISTIC ABOUT GAINING ANY INCREASES DURING CURRENT AGREEMENT YEAR. HOWEVER, GOM PLANS TO REQUEST WITHIN NEXT SEVERAL MONTHS, THROUGH ITS EMBASSY IN WASHINGTON, THAT TWO MILLION SQ. YARDS OF "MEXICAN LIMITED OFFICIAL USE

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ITEMS" INCLUDED UNDER ANNEX B BE REALLOCATED TO OTHER

CATEGORIES.

3. ANOTHER ASPECT OF WASHINGTON NEGOTIATIONS THAT INFURIATED MEXICAN DELEGATION, ACCORDING TO BASULTO, WAS ATTEMPTED USE OF "BLACKMAIL" BY US REPRESENTATIVES. BASULTO SAID USG OFFERED TO IMMEDIATELY GRANT MEXICO ADDITIONAL 35 MILLION SQ. YARDS FOR THIRD AGREEMENT YEAR ONLY WITH POSSIBILITY ANOTHER 35 MILLION SQ. YARDS LATER IN THE AGREEMENT YEAR IF MEXICO WOULD AGREE TO NEGOTIATE AND SIGN A BILATERAL AGREEMENT ON MAN-MADE FIBERS PRIOR TO DEC. 31, 1973. MEXICAN DELEGATION CAUGHT OFF GUARD AS THEY NEVER ANTICIPATED INCLUSION OF THIS SUBJECT ON AGENDA AND NOT AUTHORIZED BY GOM TO ENTER INTO ANY DISCUSSIONS.

4. AGAIN, CONTRARY TO IMPRESSION LEFT IN WASHINGTON REPORTED PARA 2 REFTTEL, BASULTO NOTED THAT OFFICIAL GOM POLICY SINCE UNCTAD III IS TO OPPOSE ANY ARTIFICIAL BARRIER ON EXPORTS OF DEVELOPING COUNTRIES. THEREFORE, HE SAID GOM WILL VIGOROUSLY OPPOSE MULTILATERAL ALL-FIBER TEXTILE ARRANGEMENT AT FORTHCOMING GENEVA MEETINGS IN CONJUNCTION WITH OTHER UNCTAD MEMBERS, ESPECIALLY THOSE FROM LA. ONLY IF INEVITABLE AND FACING LIKELIHOOD OF UNILATERAL QUOTAS BY US AND OTHER IMPORTERS WILL MEXICO CEDE AND AGREE TO NEGOTIATE.

5. BASULTO OBSERVED THAT AGREEMENT TO LIMIT EXPORTS OF ARTIFICIAL FIBERS TO US WOULD IN NO WAY BE IN MEXICO'S NATIONAL INTEREST. HE NOTED THAT TRADE BALANCE THIS COMMODITY IS IN US FAVOR AND ASKED WHY MEXICO SHOULD PAY PRICE FOR COUNTRIES FLOODING US MARKET AND ENJOYING FAVORABLE TRADE BALANCE. HE CONCLUDED THAT MEXICO HAD MADE A MISTAKE BY ACCEDING TO COTTON TEXTILE AGREEMENT IN 1971 AND UNDER NO CIRCUMSTANCES WOULD EXTEND AGREEMENT WHEN IT EXPIRES.

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